

Message Text

UNCLASSIFIED

PAGE 01 TORONT 01343 182313Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 ICA-20 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 L-03 H-02 DODE-00 PA-02 /110 W
-----080923 192103Z /20

R 181559Z JUL 78
FM AMCONSUL TORONTO
TO SECSTATE WASHDC 7515
INFO AMEMBASSY OTTAWA

UNCLAS TORONTO 1343

E.O. 11652: N/A
TAGS: EINV, SOPN, US, CA
SUBJ: TORONTO STAR HIGHLIGHTS SPURT IN CANADIAN
INVESTMENT IN U.S.

1. THE JULY 16 SUNDAY STAR CARRIED THE LEAD ARTICLE "CANADIAN CASH STARTS 300 U.S. INDUSTRIES" WHICH BEGAN "BEHIND THE SLUMP IN CANADA'S ECONOMY LIES A STARTLING TREND: IN THE PAST YEAR, GIANT CANADIAN COMPANIES HAVE BEEN BUYING UP PROPERTY AND CREATING INDUSTRIAL JOBS IN THE UNITED STATES AS NEVER BEFORE. THE SUNDAY STAR HAS LEARNED THAT CANADIAN INTERESTS HAVE BOUGHT UP OR OPENED MORE THAN 300 MANUFACTURING PLANTS IN THE U.S. SINCE JANUARY, 1977, AND HAVE SPENT WELL OVER DOLS 1 BILLION ON CHOICE U.S. REAL ESTATE DEVELOPMENTS DURING THAT PERIOD." THE ARTICLE CONTINUED THAT WITH TOTAL NEW CANADIAN INVESTMENT IN THE U.S. GOING OVER DOLS 6 BILLION DURING 1977, ACCORDING TO PRELIMINARY ESTIMATES, CANADA WILL PROBABLY WILL BE THE LARGEST SINGLE INVESTOR IN THE U.S. ECONOMY. "THE TREND IS CAUSING CONCERN IN OTTAWA, WHERE THE GOVERNMENT IS WRESTLING WITH A STAGNANT ECONOMY AND RECORD UNEMPLOYMENT. WHEN TOLD OF THE SUNDAY STAR'S FINDING, TORY FINANCIAL CRITIC SINCLAIR STEVENS TERMED THEM 'DRAMATIC AND MOST ALARMING.'" THE ARTICLE CONTINUED TO QUOTE STEVENS THAT THE SHIFT
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TORONT 01343 182313Z

OF INVESTMENT SOUTHWARD REFLECTED "THE VERY UNHEALTHY ATTITUDE" OF CANADIAN BUSINESSMEN TOWARD THEIR OWN COUNTRY.

2. WHILE THE HEADLINES AND EARLY PARAGRAPHS OF THE ARTICLE UNDERLINED INDUSTRIAL INVESTMENT WITH THE ATTENDANT JOBS, THE ACTUAL FRONT PAGE ARTICLE AS WELL AS AN INSIDE ARTICLE

"WE'RE BUYING UP THE U.S. SKYLINE" CONCENTRATED ON THE ACTIVITIES OF CANADIAN REAL ESTATE DEVELOPERS IN THE UNITED STATES. IN NEITHER ARTICLE WAS THE CLAIM REGARDING THE 300 MANUFACTURING PLANTS EXPANDED OR THE NUMBER OF U.S. INDUSTRIAL JOBS ALLEGEDLY CREATED DEFINED.

3. THE ARTICLE GAVE AS REASONS FOR THE REAL ESTATE INVESTMENT SURGE THE FACTS THAT U.S. ECONOMY IS BOUYANT, MOST CANADIANS CITIES HAVE OFFICE AND INDUSTRIAL SPACE SURPLUSES WHILE IN THE UNITED STATES THERE ARE SHORTAGES AND, MOST SIGNIFICANTLY, THE FACT THAT CANADIAN INVESTORS ARE CONSIDERED WELCOME BY AMERICAN MUNICIPALITIES. THE INSIDE ARTICLE MADE THE POINT, BASED ON INTERVIEWS WITH CANADIAN REAL ESTATE INVESTORS, THAT THEY ARE NOT CONVERTING CANADIAN ASSETS INTO CASH BUT ARE USING THEIR ASSETS IN CANADA AS SECURITY FOR LOANS IN THE U.S. "MAINLY FROM CANADIAN BANKS OPERATING THERE". ONE DEVELOPER WAS QUOTED AS SAYING THAT THE SIZE OF THE CANADIAN DEVELOPERS AND THEIR ABILITY TO FINANCE THROUGH THE CANADIAN BANKS OPERATING IN THE U.S. GIVES A "TREMENDOUS ADVANTAGE" BECAUSE OF THE LACK OF A NATIONAL BANKING SYSTEM IN THE UNITED STATES. THE DEVELOPER CONTINUED THAT THE U.S. BANKING SYSTEM "TENDS TO CONTAIN BUILDERS TO SERVICING REGIONAL MARKETS". THE ARTICLE ALSO EMPHASIZED THAT MOST CANADIAN DEVELOPMENT COMPANIES ARE LARGER THAN THEIR U.S. COUNTERPARTS AND THAT

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TORONT 01343 182313Z

"THIS SHEER SIZE HELPS EXPLAIN BOTH THEIR SUCCESS IN THE U.S. AND THEIR REASONS FOR LOOKING SOUTH IN THE FIRST PLACE."
DIGGINS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TORONT01343
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780296-1091
Format: TEL
From: TORONTO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780745/aaaabmep.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 72c64271-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1963694
Secure: OPEN
Status: NATIVE
Subject: TORONTO STAR HIGHLIGHTS SPURT IN CANADIAN INVESTMENT IN U.S.
TAGS: EINV, SOPN, US, CA
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/72c64271-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014